



# Memorandum

**TO:** RULES AND OPEN  
GOVERNMENT COMMITTEE

**FROM:** Mayor Chuck Reed

**SUBJECT:** SEE BELOW

**DATE:** February 29, 2008

Approved Chuck Reed

Date 2/29/08

**SUBJECT: 3-Year General Fund Structural Deficit Elimination Plan Framework for Additional Stakeholder Outreach**

## RECOMMENDATION

Review and discuss the proposed framework for additional stakeholder outreach for the 3-Year General Fund Structural Deficit Elimination Plan.

## BACKGROUND

In January, the City Manager released a report as prepared by Management Partners, Inc. entitled *City of San José – Development of Strategies to Address the City's General Fund Structural Budget Deficit*. The Mayor's Budget Shortfall Advisory Group reviewed the strategies contained in that report and made additional recommendations to the City Council regarding the development of a 3-Year General Fund Structural Deficit Elimination Plan. These recommendations were initially discussed at the February 12 City Council meeting. One of the recommendations was to conduct additional outreach to stakeholders as part of the process of developing the 3-Year General Fund Structural Deficit Elimination Plan.

Attached is my recommendation for additional outreach as well as the summary of outreach completed to date.

**3-YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN  
FRAMEWORK FOR ADDITIONAL STAKEHOLDER OUTREACH**

**BACKGROUND**

In March of last year, the City Council unanimously directed the City Manager to work with the Mayor's Budget Shortfall Advisory Group to eliminate our General Fund structural budget deficit. The administration was tasked with reviewing the budget from top to bottom to find options and alternatives for the City Council to consider that would eliminate the General Fund structural deficit. In reviewing the budget to find alternatives for the Council to consider, the City Manager's Office, in conjunction with the Mayor's Office, solicited input and feedback about strategies to address the structural deficit from a variety of stakeholders. This outreach included:

- Five stakeholder group meetings
- A day long community meeting at City Hall for neighborhood associations
- Seven public hearings
- A scientific telephone selected scientific survey of 1,000 randomly selected residents
- An online survey of city employees with 2,033 respondents
- An online survey with responses from 650 residents

A complete summary of the opportunities for stakeholders to provide input to date is attached. As part of this process, 320 suggestions were submitted and evaluated.

In January, the City Manager released a report as prepared by Management Partners, Inc. entitled *City of San José – Development of Strategies to Address the City's General Fund Structural Budget Deficit*. The Mayor's Budget Shortfall Advisory Group reviewed the strategies outlined in that report and made additional recommendations to the City Council regarding the development of a Three-Year General Fund Structural Deficit Elimination Plan. These recommendations were initially discussed at the February 12 City Council meeting. One of the recommendations was to conduct additional outreach to stakeholders as part of the process of developing the Three-Year General Fund Structural Deficit Elimination Plan.

**ADDITIONAL STAKEHOLDER INPUT**

I recommend that we begin conducting additional outreach and meetings with interested stakeholders within the next 30 days. The City Manager and Redevelopment Agency Executive Director should assume responsibility for assisting the appointed chair of the stakeholder group and actively participate in the stakeholder meetings through the outlined process.

The purpose of this effort is to obtain feedback and additional ideas related to the development of a Three-Year General Fund Structural Deficit Elimination Plan to brought forward to the City Council in November. These additional stakeholder meetings will be a forum for the residents and stakeholders of San José to provide the City Manager, Redevelopment Agency Executive Director, Mayor and City Council with their comments and feedback related to the creation of a Three-Year General Fund Structural Deficit Elimination Plan and with additional ideas to solve the deficit.



### 3-YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN FRAMEWORK FOR ADDITIONAL STAKEHOLDER OUTREACH

The stakeholder engagement process will follow a six-month schedule (April through September) to develop *Advantages and Concerns* for items under consideration by the City Council and on providing additional ideas for solving the structural deficit. The schedule will include a process as outlined below.

PROCESS	DESCRIPTION
<b>I. Top Priority Strategies</b>	In April, the stakeholder group will be asked to immediately discuss the <i>Advantages and Concerns</i> of Top Priority Strategies identified by the City Manager that should be brought forward to the City Council in May for consideration due to timing urgency and/or an immediate opportunity to implement.
<b>II. Other Strategies</b>	The stakeholder group will identify <i>Advantages and Concerns</i> for other strategies by September.
<b>III. Exploring Additional Ideas</b>	The stakeholder group will develop alternatives and options for consideration in the Three-Year General Fund Structural Deficit Elimination Plan.
<b>IV. Feedback</b>	The City Manager and Redevelopment Agency Executive Director will include a summary of the stakeholder group's <i>Advantages and Concerns</i> as part of the Three-Year General Fund Structural Deficit Elimination Plan to be released in November.

The Council will hold a study session in May to consider the City Manager's and Redevelopment Agency Executive Director's priorities for the Three-Year General Fund Structural Deficit Elimination Plan. Each of the budget stakeholders will be given ample time to present their views and feedback on the City Manager's priorities.

Following the conclusion of the stakeholders meetings in September, their feedback will be provided to the City Council to consider when they review the Three-Year General Fund Structural Deficit Elimination Plan in November. The Council will hold a study session in November at which stakeholders will be given ample time to present their views to City Council.

#### STAKEHOLDER COMPOSITION

An effective stakeholder group results from balancing size and representation. The recommended composition is a group of 20 to 30 participants. Members of the stakeholder roundtable include a balanced representation of labor/city employees, business, non-profits, taxpayers, and neighborhoods. The Mayor and City Council will nominate possible members of the stakeholder group, and the Mayor will bring a recommended list of participants to the City Council for approval. The Mayor shall recommend a Councilmember to serve as the chair of the stakeholder group, subject to Council approval.

#### UNDERLYING ASSUMPTIONS

- The primary purpose for the stakeholder meetings is to identify the *Advantages and Concerns* for each of the existing ideas and to add additional ideas for review.



**3-YEAR GENERAL FUND STRUCTURAL DEFICIT ELIMINATION PLAN  
FRAMEWORK FOR ADDITIONAL STAKEHOLDER OUTREACH**

- Information received from the stakeholder group will help inform the City Manager and Redevelopment Agency Executive Director in development of a Three-Year General Fund Structural Deficit Elimination Plan.
- The process must be open and transparent, with relevant information readily available to all.
- All stakeholder meetings will be open to the public and noticed consistent with the Brown Act, and those interested may participate through public comment.
- The Redevelopment Agency Executive Director will be involved in this process and will be a partner in development of the Three-Year General Fund Structural Deficit Elimination Plan.
- Information from the stakeholder meetings are intended to supplement the information received through the budget process.

**NEIGHBORHOOD OUTREACH**

San José residents have experienced the impacts of the structural deficit first-hand. We must have a continuing dialogue with the community if we are to solve the structural budget deficit. I recommend conducting ongoing neighborhood meetings in each Council District to discuss the budget and to discuss possible solutions for our structural deficit. The Mayor's Office will work with Council offices to engage their respective communities. We will develop a process for obtaining feedback on the budget and strategies to eliminate the General Fund structural budget deficit from community members.

**IMMEDIATE NEXT STEPS**

- The Mayor and City Councilmembers will nominate possible members for the stakeholder group.
- The Mayor will bring forward a recommendation to the City Council for approval on the stakeholder group composition and for the Councilmember chair position.
- The City Manager and Agency Executive Director will set a date and location for the initial stakeholder meeting.
- The City Manager and Agency Executive Director will work with the Mayor and Councilmembers to invite individuals to participate in the stakeholder group meetings.
- The City Manager and Agency Executive Director will develop a refined schedule and agenda for the first stakeholder meeting.
- The City Manager and Agency Executive Director will refine a schedule based on the first stakeholder meeting and send to the Mayor and City Council as an informational memorandum.
- The Mayor's Office will work with the City Council offices to schedule and hold budget meetings in their respective districts.

## **2008-2009 BUDGET PROCESS COMMUNITY AND EMPLOYEE INPUT OPPORTUNITIES**

### **October 2007 thru February 2008**

- Mayor's Budget Shortfall Advisory Group
  - Public meetings scheduled: 10/1/07; 10/17/07; 10/29/07; 11/15/07; 1/10/08; 1/17/08; 1/24/08; 1/30/08
  - Meeting schedule and materials are posted on City's Internet page ([www.sanjoseca.gov](http://www.sanjoseca.gov))

### **October 22, 2007**

- City Manager's General Fund Structural Deficit Task Force 1<sup>st</sup> Stakeholder Focus Group Meeting conducted:
  - Four stakeholder groups invited to general meeting, including Senior Staff, City Labor Alliance, Employees, and Community and Business Groups (including Boards and Commissions)
    - ✓ Senior Staff and City Labor Alliance - all were invited to participate
    - ✓ Employees - randomly selected from City payroll system
    - ✓ Community and Business Groups (including Boards and Commissions) - recommended by Mayor, City Council and City Manager's Office staff – randomly selected to participate in stakeholder group
  - A total of 85 participants (out of 155 invited) attended meeting to learn about project and brainstorm initial strategies to eliminate deficit

### **October 26 thru November 9, 2007**

- City Manager's General Fund Structural Deficit Task Force Electronic Survey conducted:
  - Separate Community Budget Survey and Employee Budget Survey posted on City's Internet / Intranet web pages – not a scientific survey, people selected to participate
  - Community Budget Survey translated into Spanish and Vietnamese
  - Press release and payroll flyer issued regarding survey
  - 656 community responses and 2033 employee responses were received

### **November 28-29, 2007**

- City Manager's General Fund Structural Deficit Task Force 2<sup>nd</sup> Stakeholder Focus Group Meetings conducted:
  - Four separate two hour meetings – one with each stakeholder group (Senior Staff, City Labor Alliance, Employees, and Community and Business Groups (including Boards & Commissions))
  - Community and Business Groups (including Boards & Commissions) meeting on November 29, 2007 was open to the public and posted on City's Internet page
  - Focus Groups were updated on the project and provided feedback on the advantages and concerns regarding the preliminary top strategies identified to eliminate the deficit

### **December 5, 2007**

- City Manager Budget Forum conducted for employees on City Manager's General Fund Structural Deficit Task Force work

### **January 10, 2008**

- City Manager's General Fund Structural Deficit Task Force presents final report to Mayor's Budget Shortfall Advisory Group (and Stakeholders) at their meeting that is open to public, 6pm – 8pm

### **January 2008**

- Mayor conducts Community Budget Survey
- Mayor holds Neighborhood Association/Youth Commission Priority Setting Session
  - City Manager's General Fund Structural Deficit Task Force final report will be presented as well as a San Jose Redevelopment Budget overview will be provided

### **February 12, 2008**

- City Council meeting to review Mayor's Budget Shortfall Advisory Committee recommendations



## **2008-2009 BUDGET PROCESS COMMUNITY AND EMPLOYEE INPUT OPPORTUNITIES**

### **March 2008**

- 2008-2009 Mayor's March Budget Message Study Session
- 2008-2009 Mayor's March Budget Message Public Hearing
- Community Budget Meetings in various Council Districts on the Budget Shortfall

### **April 2008**

- Community Budget Meetings in various Council Districts on the Budget Shortfall

### **May 2008**

- Budget Study Sessions on the 2008-2009 Operating and Capital Budgets and Fees and Charges Report
- Initial Public Hearing on the 2008-2009 Proposed Operating Budget, 2008-2009 Proposed Capital Budget and 2009-2013 Capital Improvement Program, and 2008-2009 Proposed Fees and Charges
- City Manager Budget Forum for employees
- Community Budget Meetings in various Council Districts on the Budget Shortfall

### **June 2008**

- Community Budget Meetings in various Council Districts on the Budget Shortfall
- Final Public Hearing on the 2008-2009 Proposed Operating Budget, 2008-2009 Proposed Capital Budget and 2009-2013 Capital Improvement Program, and 2008-2009 Proposed Fees and Charges and 2008-2009 Mayor's June Budget Message
- City Council meeting to approve 2008-2009 Operating Budget, 2008-2009 Capital Budget and 2009-2013 Capital Improvement Program, and 2008-2009 Fees and Charges